



BW LPG

GUIDELINES FOR THE AUDIT COMMITTEE

Adopted by the Board of Directors on 28 October 2013



1. Purpose

These guidelines for the audit committee (the “**Audit Committee**”) of the board of directors of BW LPG Limited (the “**Company**”) shall apply to the Company and its subsidiaries (collectively, the “**Group**”). These guidelines establish the authorities, rights and obligations of the Audit Committee. These guidelines shall not modify or amend the authorities, rights and obligations of the board of directors of the Company (the “**Board of Directors**”) pursuant to the Bermuda Companies Act 1981, as amended (the “**Bermuda Companies Act**”) or the bye-laws of the Company (the “**Bye-laws**”), and, for the avoidance of doubt, in the event of a conflict or inconsistency between these guidelines and the Bermuda Companies Act or the Bye-laws, the Bermuda Companies Act or the Bye-laws, as the case may be, shall prevail.

2. Composition

The Audit Committee shall consist of at least two members of the Board of Directors, and the Audit Committee members shall be appointed to the committee by the Board of Directors. The entire Board of Directors shall not act as the Audit Committee. At least one member of the Audit Committee shall be independent of the executive management of the Company and have competence in accounting or auditing.

The Board of Directors shall appoint one member of the Audit Committee as chairperson of the Audit Committee. The chairperson shall be independent of the executive management of the Company.

3. General Functions, Authority and Role

The Audit Committee has been appointed by the Board of Directors of the Company to assist the Board of Directors in fulfilling its responsibilities concerning the Company and the Group in respect of:

- a) understanding, assessing, and monitoring business risks and financial risks;
- b) monitoring annual and interim financial reporting;
- c) overseeing internal control, risk management, internal audit and external audit activities;
- d) overseeing legal and regulatory compliance;
- e) overseeing compliance with the Company’s governance policies; and
- f) assessing the performance of internal control and external auditor.

In discharging its responsibilities, the Audit Committee shall have full access to all books, records and personnel of the Group, as well as the external auditor of the Company. The Audit Committee may also retain independent counsel, accountants or others to advise the Audit Committee or assist in the conduct of its duties.

It shall not be the duty of the Audit Committee to plan or conduct audits or to determine whether the Company or the Groups’ financial statements are complete, accurate, or in accordance with IFRS.

4. Responsibilities

The Audit Committee’s primary responsibilities include:

- a) Overseeing the external auditor relationship by discussing with the auditor the nature and rigor of the audit process, receiving and reviewing audit and other reports including responses from the management related thereto, and providing the auditor full access to the Audit Committee, with or without the management of the Company present, to report on any and all appropriate matters.
- b) Assessing whether non-audit services provided by the external auditor may affect the independence of the external auditor.
- c) Reviewing the annual financial statements of the Company and the Group and discussing them with the relevant members of the management of the Company before they are presented to the Board of Directors for approval (and subsequently to the Company’s shareholders).
- d) To the extent the Audit Committee in its sole discretion determines, reviewing the interim financial statements of the Company and the Group and discussing them with the relevant members of the management of the Company before they are presented to the Board of Directors for approval.
- e) Reviewing and discussing with the relevant members of the management of the Company and the external auditor the financial statements produced by the various companies in the Group, with focus upon accounting and consolidation principles used in the Group.

- f) Discussing with the relevant members of the management of the Company and the external auditor the quality and adequacy of the Company's systems for internal control and for managing business, financial and regulatory risks, including computerised information system controls and security. This would also include a review of the Company and the Group's insurance coverage.
- g) Discussing with the relevant members of the management of the Company the status of pending litigation, taxation matters and other areas of oversight to the legal and compliance area as may be appropriate related to financial issues.
- h) Arranging annually a review to check that the proper authorisation process have been observed in the Company and the Group.
- i) If such authority is delegated to the Audit Committee by the Company's general meeting or Board of Directors, fixing the auditor's remuneration.
- j) Making recommendations in connection with the general meeting's appointment of external auditor.
- k) Reporting Audit Committee activities and actions to the Board of Directors (ref section 5).
- l) Reviewing and reassessing the adequacy of these guidelines annually and recommending any proposed changes to the Board of Directors for approval.

5. Reporting

The Audit Committee shall regularly report to the Board of Directors about the Audit Committee's activities and any issues that may arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and independence of the Company's external auditor. Reporting may be in the form of written minutes of meetings, memoranda and ad hoc presentations at meetings of the Board of Directors.

The Audit Committee shall provide an open avenue of communication between internal audit, the external auditor, and the Board of Directors.

6. Meetings

The Audit Committee shall endeavour to fix in advance at least two meetings to be held each year in the fourth quarter and the first quarter each calendar year, depending on the level of activity of the Company. Interim meetings may be called if a member of the Audit Committee requires it.

The Audit Committee shall invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The Audit Committee shall meet separately and periodically, with management, with internal controllers and with the external auditor. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of all Audit Committee meetings shall be prepared.